Lesson 1

Change and Transformation

Introduction

This lesson describes some theory of change and how it applies to organizational transformation. It describes different types of change and explains why it is important, how it is initiated, and how people and organizations respond to it. The roles of the top leader, the ESC, and TQL coordinator during the change process are also discussed.

Improving an organization's performance requires change. Change comes in many different forms and in many different ways. For those organizations adopting a quality approach, change will be comprehensive. The implementation of TQL will transform the organization's strategies, design, and management style. Your role as a "change agent" for your organization requires that you understand change and transformation, their effect on organizational members, and methods to carry out change. With this knowledge you can effectively advise and assist the ESC in developing appropriate strategies to manage the change.

Objectives

Upon completion of this lesson, the student will be able to:

- **Describe the phases of change.**
- **Describe actions to assist the ESC during each phase of change.**
- **Differentiate between programmatic change and organizational transformation.**
- **Describe the process of organizational transformation.**

"There is nothing more difficult to carry out, nor more doubtful of success, nor more dangerous to handle than to initiate a new order of things"
Machiavelli (The Prince)

The Concept of Change

Change is defined in Webster's Dictionary as "*to make different; to alter; to replace by another; to give a different position, course, or direction; to pass from one form or state to another; and to undergo transformation.*" On a personal basis, change can be defined as a process that may alter the way we act, think, and feel. In an organizational context, change describes the new actions, policies, and behaviors for the organization.

In recent years, many broad changes have taken root in the workplace. While the specifics may vary, change is happening in almost every organization at a fast rate. The reasons are not just "fashion," but the need to develop new strategies and structures to help the organization survive. For example, global situations have caused the DON to change militarily and economically. Reduced natural and man-made resources, shrinking budgets, and a long-range plan for a smaller Navy and Marine Corps are some of the reasons why business must be carried out in a more efficient and effective manner. The world is no longer dominated by superpowers, causing dramatic changes in mission requirements. The DON must build-in mechanisms (e.g., total quality philosophy, tools, techniques, and methods) to provide organizations with the means to meet these new and ever changing mission requirements.

How does change occur?

> "*Change is required. There is a process of change, just as there is a process of manufacturing, or for growing wheat. How to change is the problem.*"
> (*Deming quote from Scholtes, 1988*)

Change is inevitable in organizations. There are changes in leaders, managers, missions, procedures, people, external requirements, and so on. The most successful changes were those that were planned. Planned change has an **aim** and is **systematic.** The aim is customer satisfaction, the systematic approach is in the TQL methodology.

Quality Improvement is a change strategy. The process of change begins with the leader's commitment to quality. Beyond that a change process must be created. The requirement of that process is **learning** the basic concepts of total quality leadership, from the leaders down to the workers. Learning must be followed by changes in **attitudes** and **behaviors** by all. If the right opportunities for learning (attitude) and practice (behavior) are provided the levels of commitment in individuals will often raise. Figure 1.1 below illustrates those principles.

- **Knowledge is required**

If members of an organization are expected to change, the reasons, the logic, and the justification for the change have to be clearly expressed by leadership and understood by all those affected. People at all levels in the organization need to learn about the

change, how it will affect them, and what they need to do. Given the difficulty of creating cultural change in organizations, acquiring new knowledge is probably the easiest part of the change process. However, talking about change does not cause change to occur.

But, because providing education and training is easier than other aspects of cultural change, leaders often provide massive amounts of education and training for their people with no clear plan of what to do with it. Launching into this kind of training is usually a waste of time and money, and ultimately leads to false expectations and frustration.
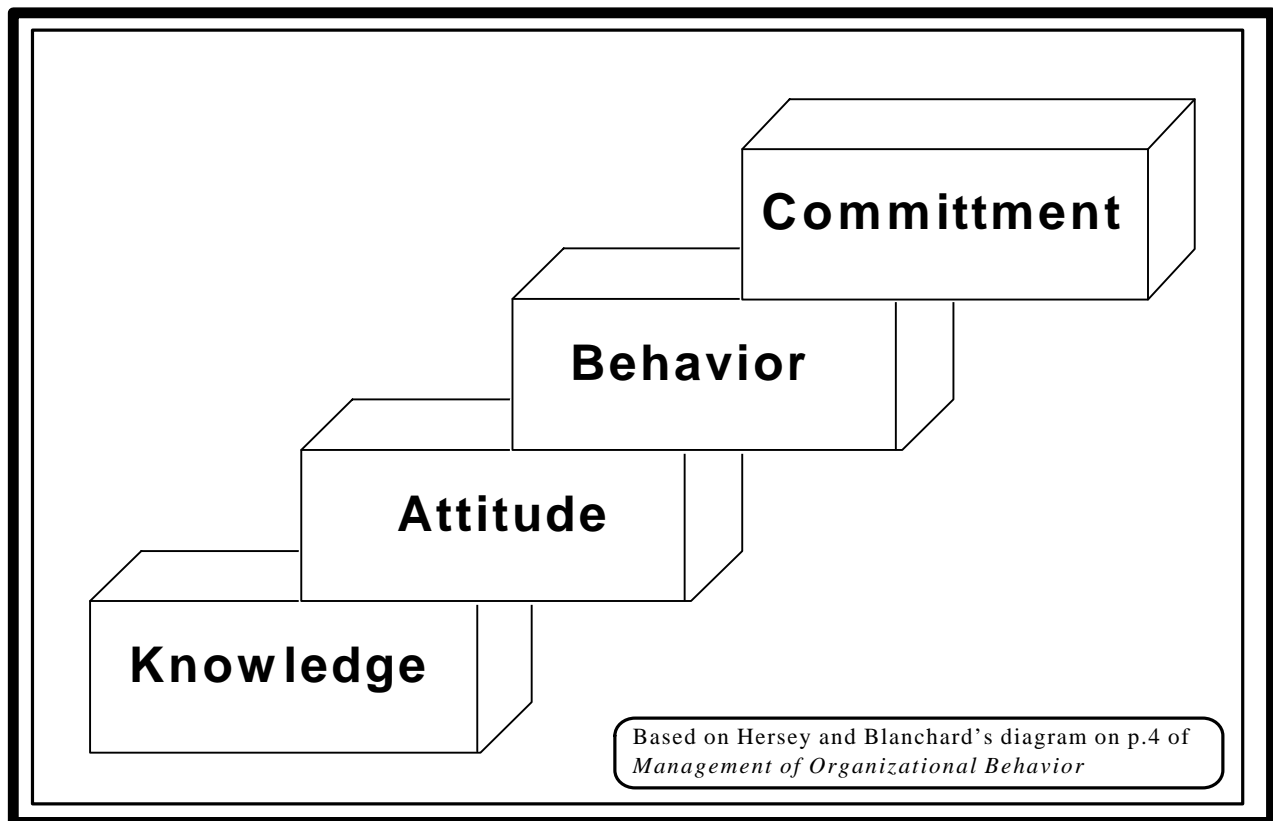
Committment

Behavior

Attitude

Knowledge

Based on Hersey and Blanchard's diagram on p.4 of *Management of Organizational Behavior*

Figure 1.1 Stages of Change

A note of caution in the DON there have been a number of examples of organizations that have relied solely on the concept of training as a tool for culture change. That simply will not work because sufficient opportunities for involvement (behavior) and top leadership commitment are not there. Talking about a new way does not bring about the desired change. There have been organizations that have mandated TQL as the way command business will be conducted (behavior), but for various reasons, have not taken the time to allow for adequate education. Those efforts have stumbled as well. The best approach is a two pronged approach that emphasizes both leadership from the top, and education (knowledge) coupled with appropriate opportunities for involvement (behavior).

The Basic Requirements For Change

- **Attitudes must align with new values**

Psychologists define attitude as a predisposition to respond to events in either a positive or negative way. Some attitudes are developed early in life and are learned from family, friends, and the cultural environment. Most attitudes are developed gradually over time through personal experience and through interactions with others. What is important to understand is that attitudes are **learned** and can be changed through education, exposure to positive role models, and appropriate reward systems.

However, changes in behavior or attitudes will not happen unless they are based upon common values. A new culture will require values that are important to members of the organization. Examples of values that are characteristic of a quality oriented organization are that people are assets, not liabilities, and working smarter is better than working harder. Attitudes are most likely to change when the values of the leaders, managers, and the rest of the organization are in harmony -- the goal is to establish "shared values."

- **Behaviors need to change**

Behavioral scientists know that a cultural change requires a change in attitudes and behaviors. They are divided over the issue of what must change first. On the "attitudes first" side, the assumption is that you cannot change behavior until you first change attitudes. This position is consistent with the view that beliefs and values, which serve to form attitudes, are deeply rooted and highly resistant to change.

On the other side, a significant body of research suggests that one of the most effective ways of changing attitudes is to begin by changing behaviors. The idea is that when people are required to behave differently, and the change is reinforced, attitudes will change.

"Changing roles and responsibilities is a key element to successfully initiating change."
(Bounds, Yorks, Adams and Rainey '94)

- **Readiness for change**

People differ in the extent to which they are willing or able to change. Some people view change as a challenge and accept it readily; while others are afraid and may seek ways to resist it. A related issue is whether the individuals resist change because they cannot change (ability problem) or because they will not change (motivation problem).

You may have experienced some of these dynamics of change yourself. You may have noticed that it took some time to let go of the old and embrace the new concepts of TQL. As one moves from the familiar to the unknown, typical responses may include fear, a feeling of loss, and resistance. Some people may resist change in the

workplace because they feel more comfortable on familiar ground, while others look forward to change welcoming new ways of doing their work. Change may cause some individuals to feel as if they are losing something; they feel their power may be diminished or their position insecure. Change may cause other individuals to feel as if they are gaining the chance to provide input to how they do their jobs. They welcome the chance to work with others to improve the quality of the goods or services they provide.

TQL implementation requires changes not only on the personal level, but most importantly on the organizational level. It is common to see organizations that begin to implement TQL experience denial and resistance. However, if change is properly managed, people will eventually begin to explore the new way and become committed to it. The phases of change illustrated in Figure 1.2 below are adapted from the phases of coping developed by Elizabeth Kubler-Ross.
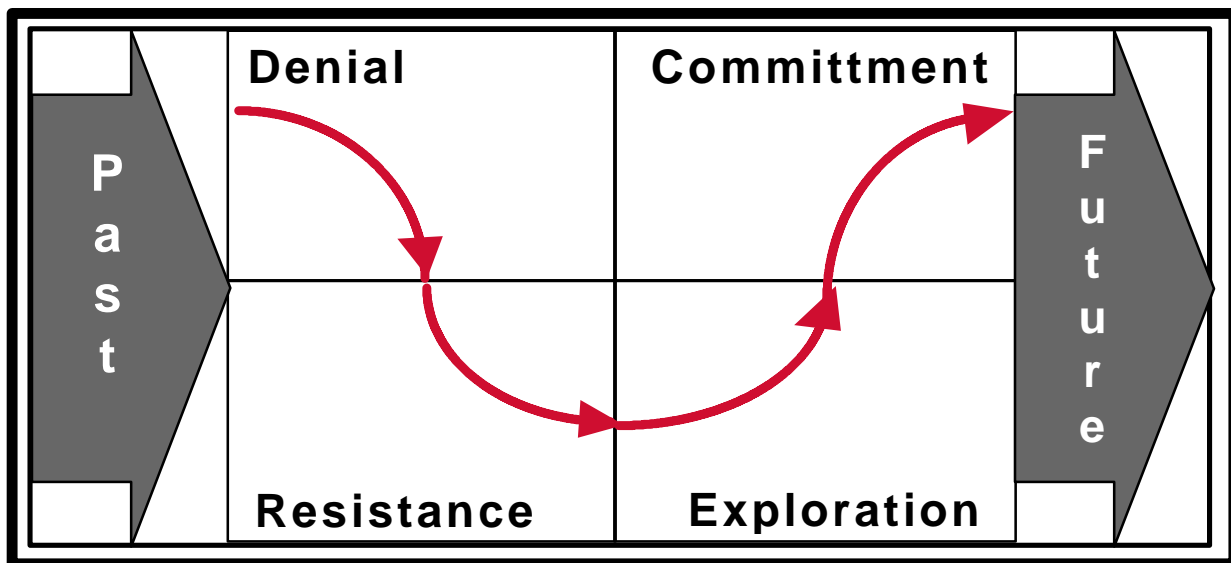

Figure 1.2 - Phases of Change

This figure shows the phases of change and plots the emotional and intellectual reactions individuals may experience as they, and their organization, move from a familiar way of doing business to a new way. Change will transport people through these phases. During change, people may focus on the past and deny the change. Preoccupation about where they are and where they are headed may nurture resistance. As they begin to explore new ideas and actions, the future will become clearer and more predictable. Finally, commitment will begin to emerge.

Strategies For Adapting To Change

Each of the stages of change calls for a different strategy. It is important that the leaders of the organization pay attention to the stages of change depicted above. The TQL coordinator also needs to be aware of these phases in order to suggest different strategies to help the ESC to move forward.

Where is your ESC?

This worksheet is provided for you to examine the behaviors of your ESC and to begin to formulate some ideas for improving their readiness for change

— **During Denial,** members of the ESC might react by:

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— **During Resistance,** the behavior of the ESC members might be:

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— **During Exploration,** the behavior of the ESC members might be:

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— **During Commitment,** the behavior of the ESC members might be:

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Actions The TQL Coordinator Can Take

— **During Denial,** the TQL Coordinator should :

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— **During Resistance,** the TQL Coordinator should:

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— **During Exploration,** the TQL Coordinator should :

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— **During Commitment,** the TQL Coordinator should:

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Some Suggested Courses Of Action For Effecting Change

— **During Denial,** the TQL coordinator should provide education and information to the ESC to reinforce the need for and benefits of change. FELT NEED is a critical issue here. Creating a felt need for change can usually best be accomplished by getting the ESC to become more externally focused. Generally there are four strategies the TQL Coordinator could use here;

- ***Develop a Devils Advocate in the ESC***. One of the great failings in organizations is that there is not enough dissonant information considered. Establish mechanisms so the ESC is provided real information about the world around them.

- ***Build external networks***. The Executive Steering Committee needs to hear different views about the need for change and how to accomplished it. Membership in Quality organizations (local and national), guest speakers from successful organizations (civilian and military), and conferences are all helpful in building recognition that the world around them is changing.

- ***Visit other organizations***. Visiting other successful organizations and viewing successes up-close can be a real turning point for some ESC members.

- ***Management processes***. A powerful vehicle for creating felt need for change can be built right into the management processes. Intellectually, members of the ESC may acknowledge a need for change but may not be ready to deal with it until a serious event helps them feel the need. Some good questions to ask involve identifying what the organization measures. For example, is the total number of calls a Seabee unit makes a month an accurate measure of quality if half are return visits to repair a problem? How does your command manage or define quality?

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— **During Resistance,** the TQL Coordinator should apply some team skills and tools to help the ESC to move forward. During resistance the coordinator will need to provide guidance and support. This stage will be characterized by defensiveness, questioning, concerns, and perhaps tension. The coordinator should try to keep the ESC working as a unit and recognize that resistance is a natural process that must be overcome.

— **During Exploration,** the TQL Coordinator should help the ESC to prioritize key issues it must address. She can provide educational or training sessions to teach tools and methods that will allow the ESC to explore issues in a more disciplined way. It is important in this phase to get the ESC involved in leading actual process management efforts. Writing an implementation plan, selecting pilot projects, writing charters, and functioning as downlinks are all helpful in deepening understanding and building commitment.

— **During Commitment,** the TQL Coordinator should continue with some team building activities. He should advise and assist the ESC in leading process management. Maximum emphasis should be placed on deepening the commitment of the individual members of the ESC. In some organizations the ESC did not function effectively and faltered when a critical member left. Not enough time was spent on developing or deepening commitment and the ESC's ability to sustain momentum was lost.

Dimensions of Change

Traditional organizational change in our society has run the gamut from the minor adjustment to a system, to a pervasive attempt to effect overall direction by influencing the very fiber of organizational culture. Organizational change often falls short of expectations, primarily because of the programmatic way it has been addressed. While the effects of programmatic change may be limited; fundamental, long-lasting changes may be accomplished more effectively through a planned organizational transformation as depicted in Figure 1.3. below.

Programmatic Change	Topics	Organizational Transformation
Delegated	Leadership	Committed
Limited	Scope	Extensive
Immediate	Time Horizon	Future/Strategic
Limited	Strategic Emphasis	Essential
Isolated	Methods	Integrated
Efficiency/Bottom Line	Measures	Effectiveness/Process
Lowest Level Individual	Employee Involvement	All Levels/Teams
Minimal	Influence on Culture	Profound

Figure 1.3 -- Dimensions of Change

Programmatic change

Programmatic change is the process of making limited changes to an organization. It usually affects only one sub-system of the organization and the focus is usually limited to the solution of an immediate problem. Leadership role is limited, and the change effort is normally delegated to subordinates. Much of this change goes unnoticed because it occurs within the context of the core culture, and existing power relationships remain intact since there are no new demands to upset existing behavior patterns. Over time the cumulative impact of these changes may be substantial but, because the process occurred so slowly, people are rarely aware of it. Should a problem arise, no one is able to trace the changes to detect where things could have gone wrong.

Organizational transformation

Many changes are required if process management is to be practiced continually throughout the organization by every member. When the changes are planned and sequenced strategically they become **transformational**.

Organizational transformation is the process of making fundamental changes in the strategy , design, and management of an organization affecting all aspects of the organization, particularly it's culture.

Edmund Metz studied American companies and found they were successful in their change efforts to the degree the changes made were more comprehensive. He described the transformation activities in the following way:

> *"A **comprehensive**, long-term horizontally and vertically linked strategy needs to be developed. [It] will have to cover the **entire organization** with all its systems and procedures, and will need to be incorporated into the overall business strategy . Long term improvements will not be accomplished without **permanent changes** in the level of employee involvement, without changes in the points of authority, responsibility, decision making; without changes in management philosophies, styles and relations and without changes in climate and culture. "*

> (Metz 1984, p.311, emphasis added)

"Comprehensive-entire organization-permanent changes" emphasizes the scope of the changes required in order to practice "total" quality. The first half of Metz' statement prescribes an **approach** to transformation, while the second half provides clues on the **content** of transformational change.

A careful reading of Metz' article also reveals a systematic relationship between changes in the methods of quality management (e.g. from inspection to prevention) and those of personnel management (employee involvement, participative decision making, management philosophy, etc.)

Activities to Transform the Organization

For transformation to occur there must be a shift from the present state of being to a new state of being. Figure 1.4 represents the transformation process.
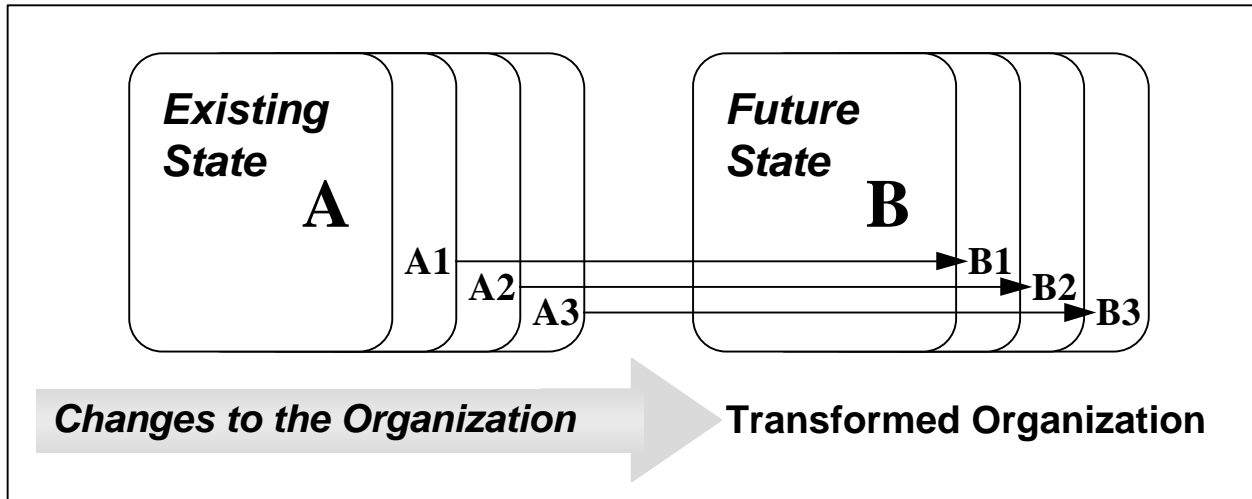

Figure 1.4 - Activities to transform the organization

In Figure 1.4 we see a set of arrows connecting the existing state (A) with the future state (B). These arrows represent sets of related activities performed over time to help transform A into B. These activities can be thought of as TQL implementation activities or as transformational activities.

How does an organization move from the way it does things now to a new way of doing business in the future? The organization accomplishes this through a series of transformation activities, such as revising policy, restructuring work, creating an enabling environment, selecting pilot projects, gathering data, forming teams, etc.

Some transformation activities become part of the way the organization does business, but these activities don't just happen on their own. They require preparation, training, planning, data gathering, resource support, and an organizational environment that supports them. Implementing TQL requires the combination of activities characteristic of a TQL organization coupled with the activities that enable and support them.

The TQL organization of the future is a moving target. As the external and internal environments change, the "ideal" future state must change also to meet new requirements. Economic, social, political, and market forces are always changing as are technology, system capability, human resources, and organizational culture.

Organizations don't "do" TQL. They may operate in ways consistent with the concepts, principles, and methods of TQL relevant for a particular period of time. As times and conditions change, so too will the technology of TQL.

Total Quality Leadership is a journey not a destination. Having a road map for the journey can help avoid running into blind alleys, launching false starts, avoiding obstacles, and reducing some of the uncertainty of the journey. Sets of related activities are done in some relative sequence. Some of the activities are repeated many times, while others are done just once. Different people have different roles, responsibilities, and tasks to perform along the way. The top leaders set the course and direction for the journey, but they cannot manage the journey alone. The help of others in the command is needed.

Transformation and Organizational Systems

The DON's global mission has changed significantly in response to world-wide political and economic forces. The White Paper *From the Sea: Preparing the Naval Service for the 21st Century* (Department of the Navy, 1992) described how the DON mission has changed from a "deep-sea, blue water" emphasis to a focus on "power projection and the employment of naval forces from the sea to influence events in the "littoral regions" of the world." The white paper *Forward...From the Sea* (Dept. of the Navy, 1994) further amplified the DON's strategic concept "to address specifically the unique contributions of naval expeditionary forces in peacetime operations, in responding to crises, and in regional conflicts."

Technical, political and cultural forces

You may be concerned about how to implement TQL in your command since there are so many forces over which you have little or no control. Noel Tichy and Mary Ann Devanna, in their book *The Transformational Leader*, identify three forces which need to be addressed.

There are **technical forces.** Congress controls your budget and size. Downsizing is a reality that dictates some very fundamental changes which impact every aspect of our command system -- the people, the equipment, the procedures, and the environment in which we carry out our missions.

There are **political forces.** How should you organize and distribute decision-making power to conduct littoral warfare? How do you respond to the initiatives of the National Performance Review requiring participative management and employee involvement in decision-making?

There are changes in **cultural forces** as well. How will implementing TQL affect the shared values that have traditionally united the military services? How will changes in our society influence the norms of the DoN? How does the DoN want to affect the norms, ideas, and values of it's members?

The combined DoN leadership adopted TQL because it offers a powerful, comprehensive, and systematic way to cope with these forces, to change where

change is needed and to change with **strategic intent** (i.e. with a focus on what is important to the future of the U.S. Navy and Marine Corps and their civilian counterparts). **Process Management** goes a long way toward transforming the **technical system** in our organizations. The **political and cultural forces** are more difficult to assess, and transforming them requires a different methodology and more time; it requires the practice of **Strategic Management**.

Implementing change requires a two-phased approach that will address the technical, political, and cultural systems of your organization. The first phase consists of establishing process management as the principal change management tool for improving the technical system (the way work gets done) in your command.

> **Process Management is defined as actions taken by leadership to establish and sustain continual improvement of the *significant processes* of the organization.**

Note: Commands should begin by working to perfect process management. In practice the different activities of phases one and two will overlap in time, depending on the commands level of TQL maturity and success with process management.

Based on TQL implementation experiences in the DoN over the past several years, more is now known about what implementation means at the unit or command level and what it means at the headquarters level. More is also known about what activities should take place first, which change activities should follow, and which ones are can go on concurrently. Thus, as a discipline, TQL is still evolving -- continually improving.

To deal with the challenge of these forces, the DoN leadership has delegated responsibility for TQL change and Implementation as follows:

- **Responsibility for improving the technical system** in your command is delegated to the Top Leader's Executive Steering Committee (i.e. all the processes under their control that are significant and mission related).

- **Changes to the political and cultural systems** in your command that have no effects outside your command are also delegated to the ESC (i.e. the climate in your command which determines rewards, recognition, work ethic, and espirit de corps).

- **Changes in the political and cultural systems** that do have effects outside your command are the responsibility of those in higher levels of the chain of command who have the authority to make those changes (i.e. the Navy-wide changes to the officer fitness and enlisted evaluation systems; SECNAV/CNO waiver authority; and continuing improvements in the DoD procurement processes).

The above suggests only a few of the complexities involved with transforming your command through the practice of TQL.

The following points should also be remembered;

- **It takes time**

The progression from one existing state at one point in time to another existing state at a later point in time is not linear or evenly paced. There may be setbacks along the way which slow down the transformation process. Some implementation activities are more complex and difficult to do than others. The pace of change can be accelerated through innovation. Innovation can be technological, methodological, or structural. When Dr. Deming was asked how the U.S. could catch up to other countries in their accelerated pace of quality improvement, his answer was "innovation." Innovation allows an organization to "leap-frog" or step up its pace of improvement. A word of caution must be brought in here because care needs to be taken to ensure an important process is not just arbitrarily chopped for the sake of speed. Don't throw the baby out with the bath water!

- **It involves learning**

Another way an organization can accelerate its pace of improvement is through learning. Organizational learning can occur through the application of the PDCA cycle when it is applied to the entire organization. Peter Senge in his book ***The Fifth Discipline*** talks about the concept of a "learning organization." This type of organization has many of the characteristics of a TQL-type organization. Therefore, implementing TQL as an approach to organizational transformation would include organizational learning, which holds the promise of accelerating the pace of transformation to an ideal future.

- **It is most successful when the change is about the mission / business of the organization**

"For transformational change to take hold, it must be clearly and convincingly linked to the core strategic issues of the organization."

(Nadler, 1988)

As we have learned in the DoN, the emphasis of your organization's quality efforts must be linked to the mission (or business) the organization is in. Organizing teams to fix watch bills, rearrange command parking, or improve request chit processing has little to do with why your command exists. To enhance significantly your chances for success, and to help you build the critical mass, focus your efforts from the very start on using Total Quality Leadership principles to help you. . .

Improve Mission Performance.

Lesson 1

Change and Transformation

Summary

- **Improvement requires change.**
- **Change builds from the individual to the organizational level.**
- **Programmatic change is limited in scope and duration, while transformation is comprehensive and long lasting.**
- **The transformation process is an ongoing journey involving interrelated activities.**

Readings

Metz, E., *Managing Change: Implementing Productivity and Quality Improvements*, National Productivity Review (1884) pp. 303-314
Tichy & Devanna, *The Transformational Leader*, Wiley and Sons 1986
Smith, D.K., *Taking Charge of Change,* Addison - Wesley Publishing 1996
Stewart, T. A., *How to lead a corporate revolution,* Fortune Magazine Nov. 1994